

Wolfgang J. Weitzl\*, Jens Seiffert-Brockmann and  
Sabine Einwiller

## Investigating the effects of sponsorship and forewarning disclosures on recipients' reactance

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**Abstract:** Due to increasing consumer skepticism towards promotional messages, companies are looking for new ways to communicate with their target audiences in a less obtrusive way than traditional advertising. Sponsored content disseminated on the online portals of newspapers (i. e., online advertorials) is regarded as a promising way to promote products and brands. Regulations require communicators to inform consumers about the commercial nature of this ‘masked’ persuasion attempt by including an explicit sponsorship disclosure (i. e., a ‘Sponsored’ label). This study demonstrates that such an explicit advertising cue may not be enough to alert recipients. Furthermore, this study investigates the effects of promotional messages by means of a 2 (no disclosure vs. disclosure) x 2 (no forewarning vs. forewarning) experiment. Results show that both (i) foregoing instructions aimed at activating consumers’ persuasion knowledge (i. e., an additional forewarning message) and (ii) recipients’ prior media literacy can foster the effect of sponsorship disclosures in triggering situational distrust towards brand-related content, and in turn, increasing consumers’ reactance.

**Keywords:** sponsored content, native advertising, persuasion, online advertising, media literacy, psychological reactance

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\*Corresponding author: Wolfgang J. Weitzl, Corporate Communication Research Group, Department of Communication, University of Vienna, Vienna, Austria, Seeburg Castle University, Department of Management, Seekirchen, Austria, E-Mail: wolfgang.weitzl@univie.ac.at.  
Jens Seiffert-Brockmann, Corporate Communication Research Group, Department of Communication, University of Vienna, Vienna, Austria, E-Mail: jens.seiffert@univie.ac.at.  
Sabine Einwiller, Corporate Communication Research Group, Department of Communication, University of Vienna, Vienna, Austria, E-Mail: sabine.einwiller@univie.ac.at.

## Introduction

Individuals have become increasingly skeptical toward overt promotional messages conveyed by traditional advertising (Nielsen, 2015). Thus, companies are more and more using new communication forms to promote their products, services and brands in ways that cannot be easily identified as persuasive attempts to steer consumers' thoughts, feelings and actions (Kaikati and Kaikati, 2004). Today, *masked* or *stealth* communication methods are gaining momentum (IAB, 2013). This is particularly true for digital communication channels where advertisers are equipped with a huge arsenal of online instruments, which help them to influence recipients effectively. Using *sponsored content*, companies nowadays try to reach their customers in a less obtrusive and more promising way than traditional online advertising (e.g., banner ads). Sponsored content can be found in the form of masked corporate postings on social media (e.g., sponsored postings on *Facebook*) (Boerman, Willemsen, and Van Der Aa, 2017; Minton, Lee, Orth, Kim, and Kahle, 2012), but also on the online platforms of reputable institutions such as quality newspapers (e.g., *New York Times*, *Time Magazine*). On these portals, sponsored content can be characterized as promotional messages that are made to look similar to the editorial content usually published by journalists (i.e., an advertorial). Online advertorials are typically surrounded by regular news stories as well as other informational and entertaining content, which they mimic. Given the often-disguised appearance of these online ads, distinguishing commercial content from unbiased, non-promotional content has become increasingly difficult for message recipients (Shrum, 2012).

Individuals develop knowledge about online ads from earlier experiences and they apply this expertise to achieve their goals as a consumer (e.g., identifying the product that fits their needs best) (Friestad and Wright, 1994). However, when the source of a promotional message is obscured, recipients are no longer able to recognize sponsored content as branded communication. As a consequence, individuals' *persuasion knowledge* about ads – and the learned skepticism towards manipulative commercial tactics (e.g., 'Ads are often not objective.') – remain inactive (Darke and Ritchi, 2007). Consequently, recipients may be persuaded into favorable attitudes towards a product, service or brand which they otherwise would not have developed. In order to protect recipients against misleading communication tactics, the *Federal Trade Commission* (FTC) in the United States and other international institutions (e.g., the *European Commission*) have introduced regulations determining that, for instance, (online) newspapers have to disclose any article sponsorship of a third party (FTC, 2013). This can be achieved, for example, by including a *sponsorship label* in proximity to a commercialized article. Such disclosures should inform or warn consumers about

the commercial content of the (online) advertorial and its persuasive intent by helping individuals activate their persuasion knowledge (i. e., situational skepticism towards the message) (Friestad and Wright, 1994).

While regulators often propose sponsorship labels as a remedy for protecting consumers against covert persuasion, academic literature regularly doubts their effectiveness. It is frequently suggested that only a small percentage of individuals pay attention to these disclosures (Boerman, Van Reijmersdal, and Neijens, 2012; Boerman et al., 2017; Wojdynski and Evans, 2016); this is particularly true in complex online environments and when recipients are young (Wojdynski, 2016). On online portals of newspapers, the content becomes increasingly multifaceted so that the boundaries between information, entertainment and commercial messages are increasingly blurred, and particularly young recipients – who are often regarded as being less censorious than adults (Wojdynski, 2016) – are increasingly distracted from explicit sponsorship cues about the message's source.

In this study, we assume that sponsorship labels only activate persuasion knowledge (i. e., recipient's critical and distrusting feelings towards a specific ad) (Boerman et al., 2012) when individuals are instructed by an explicit forewarning message to consider the sender's motivational background. Earlier research demonstrates that recipients are less likely to situationally correct for persuasion when they are cognitively busy, for example, when focused on some other aspects of their environment (Brown and Krishna, 2004). Advertorials on newspapers' online portals are typically embedded in rich media environments that distract readers and limit their cognitive capacity to detect persuasion attempts. This is aggravated by the fact that disclosures are explicit source cues that may appear incidental to the recipient. Research suggests that it is difficult for recipients to detect persuasion within incidental exposure (e. g., Shapiro, 1999). Thus, we assume that sponsorship disclosures alone do not activate persuasion knowledge. We argue that to be activated, sponsorship labels need to be accompanied by a preceding instruction (i. e., a *forewarning message*) that serves as an extra cue specifically aimed at disposing recipients to activate their situational persuasion knowledge. By investigating the interaction between sponsorship disclosures and forewarning messages (which are both situational cues), this research provides theoretical and empirical evidence of important insights in how to increase sponsorship labels' effectiveness.

Further, we argue that a high level of *new media literacy* (i. e., media recipients' learned ability to critically deconstruct online media messages in terms of their authorships, formats, audiences, and purposes – that is, dispositional, general knowledge) (Koc and Barut, 2016) also activates situational, specific persuasion knowledge. No prior research has examined the direct and joint effects of two types of explicit situational cues (i. e., a sponsorship label and a forewarn-

ing message) as well as new media literacy on persuasion knowledge and their indirect effects on recipients' psychological reactance towards the promotional message. By evaluating the role of dispositional prior knowledge, this research contributes to a better understanding of the role of contextual factors for the effectiveness of different forms of disclosures (sponsorship labels vs. forewarning message).

## Effects of sponsorship disclosures on conceptual persuasion knowledge

Persuasion knowledge refers to personal knowledge or folk knowledge and the beliefs media recipients develop about others' persuasive attempts (Friestad and Wright, 1994). This knowledge about advertising contains multifaceted information about the goals and tactics marketers use to achieve their persuasion goals; the psychological effects the advertising tactics are intended to have; the degree to which recipients find these tactics effective and appropriate; but also recipients' beliefs about how to best cope with advertising in general (Friestad and Wright, 1994; Hibbert, Smith, Davies, and Ireland, 2007). Recipients apply persuasion knowledge in the form of schemata, which help them to mentally process promotional messages more efficiently. This knowledge aids recipients to direct their attention to specific elements of an ad, but it also helps them to anticipate the impact of a commercial message (Friestad and Wright, 1994).

Scholars agree that persuasion knowledge develops over time and that the concept is composed of two basic dimensions: a *cognitive* as well as an *affective* dimension (Boerman et al., 2012; Rozendaal, Lapierre, van Reijmersdal, and Buijzen, 2011). It has been shown that individuals' ability to identify and deal with commercial messages corresponds with increasing life and marketplace experiences. Nevertheless, children already develop a basic understanding of advertising and persuasive attempts in their early ages, when they start to learn to distinguish commercial from non-commercial messages (John, 1999). This learning process continues later in life with more elaborate knowledge about advertisers' persuasive intentions and the tactics and characteristic message appeals (e.g., ad characteristics, ad types) that are typically applied by marketers. Recipients further accumulate knowledge about how to recognize biases and deception as well as how to react to advertising by using cognitive defenses.

Taken together, these learned mental structures about the recognition of advertising and its sources, as well as the general understanding of advertising's persuasive and selling intent and marketers' tactics present the *cognitive* dimen-

sion of recipients' persuasion knowledge. It is also referred to as *conceptual persuasion knowledge*. In this research, we define this kind of persuasion knowledge as media recipients' situational ability to recognize (online) ads and to differentiate them from other editorial content on online news portals (Boerman et al., 2012; Rozendaal et al., 2011).

While conceptual persuasion knowledge about (traditional) ads is well established after childhood (e.g., John, 1999), media recipients have to refine or adapt their existing knowledge over time. Although sponsored content has been around for some years, it is still a new form of conveying commercial messages to consumers. The fact that this form of advertising resembles non-commercial content from independent journalists makes it hard for recipients to clearly identify the article that contains it as advertising (i.e., an advertorial). Because of this, there is an ongoing debate about deceiving recipients using 'masked' marketing messages (e.g., Robertson, 2013; Boerman et al., 2017).

In the literature, it is often argued that when recipients are exposed to advertising while being unaware of the commercial character of the message, they are unable to protect themselves against persuasion. In order to safeguard consumers against biased commercial content, government regulators and non-governmental industry organizations from the US (e.g., *Interactive Advertising Bureau*, *American Society of Magazine Editors*) and the EU (e.g., *European Advertising Standards Alliance*) create communication standards that intend to ensure that commercial messages can always be identified as such. Therefore, it has become an international standard for advertisers to attach a *sponsorship disclosure* (saying, e.g., 'Advertisement', 'Sponsored') to any commercial message. These disclosures should increase recipients' awareness of the content's nature by informing them about the message's originator. Due to this explicit signal, consumers should be able to clearly distinguish promotionally-biased, sponsored content from unbiased, non-commercial content.

Sponsorship disclosures are not only used on online news portals, but also in a wide variety of other media outlets including social media (Boerman et al., 2017), blogs (Campbell, Mohr, and Verlegh, 2013; Zhu and Tan, 2007), television (Boerman et al., 2012), and advergames (An and Stern, 2011; van Reijmersdal, Lammers, Rozendaal, and Buijzen, 2015). Research shows that across these different contexts, sponsorship disclosures (i.e., labels acting as a formal, explicit notice about the originator's advertising intention) can lead to an activation of conceptual persuasion knowledge (i.e., can alert the audience to the existence of a sponsored ad) (Zhu and Tan, 2007). These labels have been shown to influence recipients' direct reaction to sponsored content – that is, can reduce persuasion (e.g., Campbell et al., 2013; Wojdynski and Evans, 2016). Consequently, a sponsorship label which contains the word 'Advertisement' should help individuals

to identify the article as a persuasive message. Thus, this should activate their conceptual persuasion knowledge (i.e., recognizing the message as an ad in a specific situation).

However, at the same time a considerable amount of research shows that recipients (particularly young individuals; Wojdynski, 2016) pay little attention to sponsorship disclosures per se (Boerman et al., 2012; Boerman et al., 2017; Campbell et al., 2013; Wojdynski and Evans, 2016) and are easily distracted by a complex media environment. Extant literature suggests that individuals are less likely to situationally correct for persuasion when they are cognitively busy (Brown and Krishna, 2004). We assume that on online news portals, (young) individuals involved in the news topic are likely to be distracted by the message's content (and its surrounding) in such a way that they are unaware of the formal source cue (i.e., sponsorship label). This also corresponds to the information processing literature. For example, the limited capacity model of motivated mediated message processing (LC4MP) (Lang, 1995) acknowledges that individuals have limited cognitive resources to handle information. According to this theory, a message about a topic (i.e., an interesting advertorial) that a person finds relevant (or does not understand) involves the person to such an extent that a person's remaining cognitive resources are insufficient for the recognizing of accompanying source cues (i.e., the sponsorship label). Therefore, the first research question reads as follows:

*RQ1: Do sponsorship labels alone activate recipients' conceptual persuasion knowledge?*

## Effects of sponsorship disclosures on attitudinal persuasion knowledge

Recipients can also use *attitudinal persuasion knowledge* to process a message (Rozendaal et al., 2011). This affective dimension of generalized ad knowledge includes attitudinal mechanisms derived from learned dispositions that help the individual to cope with advertising. It usually comprises critical attitudes like the recipients' tendency to disbelieve or dislike commercial messages (Boerman et al., 2012; Rozendaal et al., 2011). Scholars define the concept as individuals' disbelief in claims made by the advertisers (Darke and Ritchie, 2007) and/or recipients' mistrust in the advertisers' motives (Boush, Friesstad, and Rose, 1994; Foreh and Grier, 2003). Attitudinal persuasion knowledge is characterized as critical feelings about the honesty, reliability and credibility of advertising in general, but it can also be applied to the individual message in order to mentally cope with its specific commercial content (or *situational knowledge* – that is, distrust-

ing feelings). Earlier research shows that attitudinal persuasion knowledge is an outcome of conceptual knowledge (i.e., ad recognition), but also that sponsorship labels can trigger both conceptual persuasion knowledge and attitudinal persuasion knowledge directly (Boerman et al., 2012; Boerman et al., 2017).

This effect is theoretically supported by the persuasion knowledge model (PKM) (Boerman et al., 2012; Campbell and Kirmani, 2008; Friestad and Wright, 1994). We assume that this is particularly the case under conditions of heuristic information processing, when source cues are particularly relevant. This corresponds to the heuristic-systematic model (HSM) (Chaiken, 1980). When motivation and ability to process information are sufficiently high, individuals engage in systematic processing, which means that they use considerable mental effort to scrutinize a message's content. However, when motivation or cognitive capacities are low, people adopt heuristics and simple decision rules (e.g., 'Experts can be trusted.') to make their judgments. Given that an advertorial is relevant to the recipients, we assume that attitudinal persuasion knowledge depends more on the content than on accompanying source cues. LC4MP theory (Lang, 1995) supports our assumption as it claims that individuals allocate their cognitive resources to the most important task (i.e., content processing), leaving no additional capacities for inferior activities (i.e., cue processing). Hence, we ask:

*RQ2: Do sponsorship labels alone activate recipients' attitudinal persuasion knowledge?*

*RQ3: When sponsorship labels are unable to activate recipients' attitudinal persuasion knowledge, how else can it be activated?*

## Effects of forewarning disclosures on attitudinal persuasion knowledge

We assume that a *forewarning disclosure* (i.e., an explicit instruction aimed at raising recipients' readiness to access their persuasion knowledge shown before the recipient accesses the news portal) affects an individual's ability to activate attitudinal persuasion knowledge (i.e., has a direct effect), but can also increase the effectiveness of sponsorship disclosures (i.e., has a moderating effect). By borrowing from the literature (Isaac and Grayson, 2017), we argue that an a-priori instructive message (i.e., a forewarning preceding the site content such as an information about the website's cookie policy) can encourage recipients to consider the motives of the article's originator, and can thus more easily guide recipients to activate their attitudinal persuasion knowledge.

Earlier research demonstrates that the stimulation of individuals to access existing persuasion knowledge before exposure to a specific message increases the likelihood that these persons consider ad content as more insincere, dishonest and manipulative (i.e., indicators of activated attitudinal persuasion knowledge) than if no prior priming took place (e.g., Campbell and Kirmani, 2000; Isaac and Grayson, 2017). We believe that if a forewarning disclosure is shown before the sponsored content, this cue can function as a prime (Bennett, Pecotich, and Putrevu, 1999). According to priming theory, the priming or activation of a concept affects information processing and individuals' judgments (Roskos-Ewoldsen, Roskos-Ewoldsen, and Carpentier, 2009). When functioning as a prime, a forewarning disclosure prior to the news portal's content might increase attention toward the sponsored content. This increased attention should subsequently lead to the recognition of the ad and to an activation of attitudinal persuasion knowledge (i.e., direct effect of forewarning disclosure) (Boerman, van Reijmersdal, and Neijens, 2014). Furthermore, we assume that a forewarning reminds recipients to consider the possible commercial and non-commercial nature of online articles and should therefore help them to better interpret the meaning of present sponsorship disclosures. Hence, the effect of the sponsorship label (i.e., the explicit cue for the commercial nature of the advertorial) on attitudinal persuasion knowledge should be particularly pronounced in this situation (i.e., moderating effect of forewarning disclosure). However, when the persuasive intention is not explicitly revealed to the recipients, individuals who are aroused to resist advertising by an instruction should be less trusting (Uribe, Buzeta, and Velásquez, 2016). Hence:

*H1: Forewarning disclosures activate recipients' attitudinal persuasion knowledge.*

*H2: Forewarning disclosures moderate the effect of sponsorship disclosures on attitudinal persuasion knowledge such that when a forewarning is present, recipients are more likely to activate their attitudinal persuasion knowledge as if they were not present.*

## Effects of recipients' new media literacy on attitudinal persuasion knowledge

Media literacy, which can be defined as a person's ability to analyze, evaluate and create communication in a variety of media contexts (Ofcom, 2018), is one way to protect recipients from the unfavorable impact of biased information. The concept has various definitions (Eagle, 2007), but scholars agree that it charac-

terizes the competence of an individual to understand (i) how the mass media works, (ii) how messages are created in the media, and (iii) how the information conveyed in these messages reaches the audience. A media literate individual should be able to make independent judgments of the media content, which requires the integration of critical thinking skills and media proficiency (Silverblatt, 2001). The importance of developing media literacy is stressed by many educational institutions and scholars (Livingstone, 2014). However, individuals have to develop media competencies in various genres and forms. With the rise of the social internet, individuals have to possess digital literacy skills that help them to both consume and (re-)produce functional online content. Koc and Barut (2016) summarize these skills under the umbrella term 'new media literacy'. We assume among its four competencies – (i) *functional consumption* (i. e., ability to grasp literal meaning of media messages); (ii) *functional prosuming* (i. e., skills to use various internet technologies to create digital artifacts); (iii) *critical prosuming* (i. e., abilities of an individual to interactively and critically participate in new media platforms); and (iv) *critical consuming* (i. e., an individual's ability to deconstruct media messages in terms of their authorships, formats, audiences, and purposes) – that particularly the latter competence dimension is relevant for the identification of sponsored content.

According to Koc and Barut (2016), this specific form of literacy involves a person's skill to recognize online messages as subjective rather than neutral, and to analyze their content in order to derive their reliability and credibility. This learned competence helps media recipients to gather and identify true, relevant and unbiased information. We assume that with increasing dispositional media knowledge, individuals learn to consider cues like sponsorship disclosures when evaluating an article's content. Accordingly, we hypothesize that heightened new media literacy does not only increase the effectiveness of sponsorship and forewarning disclosures on the activation of attitudinal persuasion knowledge, but that it also has a direct, positive effect on a person's activation of attitudinal persuasion knowledge (i. e., *situational ad* knowledge or skepticism). Therefore:

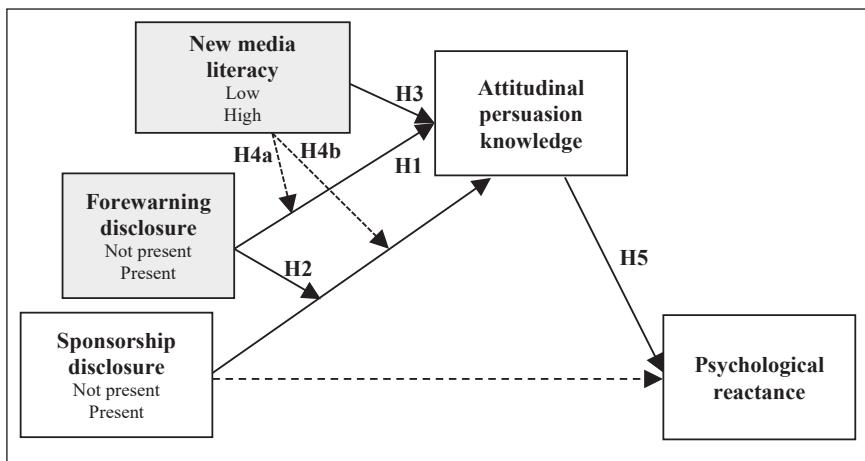
*H3: Recipients' new media literacy activates attitudinal persuasion knowledge.*

*H4: Recipients' new media literacy moderates the effect of (a) sponsorship disclosures and (b) forewarning disclosures on attitudinal persuasion knowledge such that when recipients have a high level of literacy, they are more likely to activate their attitudinal persuasion knowledge than when they have a low level.*

## Effect of attitudinal persuasion knowledge on psychological reactance

Brehm introduced the theory of psychological reactance in 1966, claiming that individuals have certain freedoms to engage in behaviors. But sometimes people perceive that this free choice may be constrained by external factors (e. g., being persuaded to evaluate a product or service positively). In such situations, individuals experience *reactance*, which is an unpleasant motivational arousal. For individuals, psychological reactance (i. e., a recipient's perceived discomfort at being constrained in his or her free will to develop a personal attitude towards a brand) (Lindsey, 2005) is a strong driver to restore their desired freedom. The extent to which individuals seek this restoration depends on the importance of the constrained freedom as well as the strength of the imminence. The sources of these threats can either be internal (i. e., self-imposed threats caused, for instance, by selecting a specific alternative while refusing others) or external. The latter can be triggered by impersonal situational factors restricting an individual's choices or can stem from social influence or persuasion attempts (Brehm, 1966; Brehm and Brehm, 1981).

We assume that a commercial message that has activated a person's attitudinal persuasion knowledge can be regarded as such an attempt. In case recipients perceive a (commercial) message as incredible and manipulative (i. e., by obtaining consumers' attention surreptitiously), it is likely that these individuals feel



**Figure 1:** Effects of forewarning disclosures and new media literacy on recipients' reactions towards sponsored content.

urged to develop a certain attitude towards the brand or product involved. This pressure restricts their choice and hence increases psychological reactance. It has been shown that when individuals are threatened, they usually feel uncomfortable, aggressive and angry (e.g., Berkowitz and Alioto, 1973; Brehm, 1966; Rains, 2013). Therefore (Figure 1 summarizes our disclosure effects model):

*H5: Recipients' attitudinal persuasion knowledge has a positive effect on psychological reactance towards the sponsored content.*

## Method

### Research design, procedure and participants

To answer our guiding research questions, we conducted an online experiment with a 2 (sponsorship disclosure presence: no sponsorship disclosure vs. sponsorship disclosure) x 2 (forewarning presence: no forewarning message vs. forewarning message) between-subjects design among young adults in Austria. In total, 156 student participants were recruited. The group size ( $n$ ) was similar across the four experimental conditions (no sponsorship disclosure/no forewarning = 37; no sponsorship disclosure/forewarning = 39; sponsorship disclosure/no forewarning = 40; sponsorship disclosure/forewarning = 40).

We opted for this sampling population because our research particularly aimed at investigating the characteristics and reactions to disguised online advertising of young, highly educated individuals. This group of individuals resembles the average users of online portals of national quality newspapers (Verein Arbeitsgemeinschaft Media Analysen, 2017). Further, being *digital natives* this generation is at the heart of research aimed at clarifying the role of recipients' (new) media literacy for detecting masked promotional messages. The average age of participants was 25 ( $SD = 5.79$ ), 80 % were female (i. e., a peculiarity of this study's sample), 63 % held a Bachelor's degree and 38 % used online newspapers and magazines at least several times per week. In exchange for completing the standardized questionnaire (average completion time: 10 minutes) participants received some course credit.

The study was framed as a research project on online newspaper usage. The participants were randomly assigned to one of the four experimental conditions. We asked them to look at a webpage of a major (but not further specified) quality online newspaper containing information about recent trends in sportswear. On the page shown, a random article with the characteristics of one of the four exper-

imental conditions was presented. Respondents were free to look at the webpage for as long as they wished to. They were only asked to show reading patterns that would conform to their regular online habits. The online questionnaire that was used to measure participants' reactions started with a series of questions on the participants' socio-demographics followed by several general questions about frequency of online platform (e.g., search engines) usage and product category knowledge as well as involvement. After the presentation of the experimental stimulus, a section followed that contained brand-related questions (e.g., brand attitude) and article-related questions including *persuasion knowledge* (conceptual and attitudinal). Furthermore, we asked about general perceptions of the article's content and its originator as well as participants' reactions to the content (e.g., psychological reactance). After the manipulation check items, participants were asked to assess their individual level of new-media literacy. The questionnaire ended with a query demanding participants to speculate about the study's goals.

## Stimulus material

The stimulus material consisted of a screenshot showing a webpage of an unspecified quality newspaper. We paid attention to ensuring that the screenshot resembled a typical news portal with its complex content that distracts visitors with other informational and entertaining news stories, content recommendations, etc. Apart from the manipulation of the presence of the sponsorship and forewarning disclaimers, the stimulus materials were identical across all experimental conditions. However, the group that was guided toward activating their persuasion knowledge beforehand received an explicit forewarning in the form of a pop-up message before seeing the manipulated article. The *forewarning disclosure* read as follows: "While reading the articles on this news portal, please think about the background conditions of the senders' communication. Keep in mind that some articles try to communicate truthful, objective and independent information about products and brands. Other articles come from non-independent sources. These articles may include informative content but may also steer readers' thinking."

The article itself was embedded in the news page of the sports and lifestyle section discussing the introduction of a new sportswear brand (i.e., 'Lunip') to the Austrian market. The article was entitled "Lunip – the new, promising sports brand" and discussed the features of the new brand, the qualities of the locally-manufactured products and their international success (length: 314 words). The article was positively framed, emphasizing the advantageous brand features

in an appropriate manner (i.e., a one-sided message). In respect to its key characteristics (tone etc.) the article corresponded to the typical qualities of sponsored content featured on online news portals. Where applicable, the *sponsorship* was disclosed using a badge that read “Paid advertisement” located above the article’s headline. This is identical to disclosures that conform to the national law, and which typically accompany commercial content on comparable national news platforms in Austria (e.g., ‘*Der Standard*’). The stimulus material was pre-tested using an independent sample ( $n = 30$ ) resembling the characteristics of the main sample. This test indicated that the manipulation was successful. A fictitious sports brand was chosen to guarantee that participants show a certain degree of contextual involvement, which was also ensured in the pretest, and were not influenced by prior brand knowledge or pre-existing associations. A number of studies (e.g., Stubb, 2018) have used fictitious brands for that very reason in their experimental designs.

## Measurement

*Conceptual persuasion knowledge.* We measured conceptual persuasion knowledge using a two-step approach: We first asked participants to indicate (0 = *no*; 1 = *yes*) whether they considered the article an advertisement (following Wojdynski and Evans, 2016). Similar one-item measures have been used in various other studies to evaluate whether participants are able to recognize advertising (e.g., Boerman et al., 2012; Ham, Nelson, and Das, 2015). To ensure that the presence of the disclaimer was causal for their inference, we asked participants who evaluated the article as an ad to briefly explain the reasoning for their evaluation in their own words.

*Attitudinal persuasion knowledge.* We measured attitudinal knowledge (i.e., situational skepticism) by asking participants to indicate on a 5-point semantic differential including five opposing adjectives whether they consider the information conveyed in the article as “unbelievable – believable”, “biased – unbiased”, “insincere – sincere”, “unreliable – reliable”, and “dishonest – honest”. The scale (Cronbach’s alpha = .86) was adapted from MacKenzie and Lutz (1989) and Ohanian (1990). The mean of these five items was used to measure attitudinal persuasion knowledge. The items were later recoded so that higher scores of attitudinal persuasion knowledge indicated critical and distrusting attitudes ( $M = 3.12$ ;  $SD = .53$ ).

*New media literacy.* The construct was measured by asking participants to state their degree of conformity on a five-point Likert scale (1 = *I totally disagree*;

5 = *I totally agree*) to eight statements including, for instance, “I can distinguish different functions of online media (communication, entertainment, etc.)”, or “I manage to classify online media messages based on their producers, types, purposes and so on”. The scale items were adapted from Koc and Barut (2016). Exploratory factor analysis revealed that all items loaded on a single factor (Eigenvalue = 3.85; explained variance = 48.12 %). Cronbach’s alpha was .84. The measure for new media literacy consisted of the mean score of the eight items ( $M = 3.34$ ;  $SD = .66$ ). We later applied a median split on this variable to group individuals with low/high literacy for subsequent analyses.

*Psychological reactance.* Again, a five-point Likert scale was used to measure the concept. Here, participants had to indicate their level of agreement to three statements ((i) “I am uncomfortable being told how to feel about the brand”; (ii) “I do not like being told how to feel about this brand”, and (iii) “It irritates me that the communicator told me how to feel about the brand”) adapted from Reinhardt, Marshall, Feeley and Tutzauer (2007). The scale was reliable (Cronbach’s alpha = .91). We employed the average score ( $M = 3.08$ ;  $SD = 1.10$ ) in our analysis.

*Control variables.* To ensure that the effects of the sponsorship disclosure and the forewarning disclosure were not biased by other differences between the experimental groups, various control variables were measured. The frequency of participants’ usage of online magazines and newspapers was measured by asking them how often they consult such sources on average (1 = *never*; 2 = *once a month*; 3 = *several times a month*; 4 = *several times a week*; 5 = *nearly every day*). Similarly, the usage of other online sources (e.g., search engines, social media) was also assessed. Product category involvement was relatively high ( $M = 3.33$ ;  $SD = 1.02$ ) while the participant’s knowledge about sportswear in general was quite low ( $M = 2.86$ ;  $SD = 1.14$ ). Nobody indicated any familiarity with the employed brand. In addition, age, education as well as gender were measured.

We evaluated the homogeneity of the four experimental groups in respect to these control variables (incl. age, gender, internet usage patterns, involvement, etc.). Our analyses revealed that all groups were comparable in respect to all these characteristics, demonstrating randomization was successful.

## Results

RQ1 asks whether sponsorship labels that accompany online advertorials (i. e., sponsored content) are able to activate recipients’ *conceptual* persuasion knowledge. For manipulation check purposes, we showed participants a picture of the article with/without the sponsorship disclosure at the end of the questionnaire

and asked them whether they recognized the advertorial/article (i. e., aided recognition task). The results showed significant differences in label recognition between participants who had been exposed to a disclosure and those who had not ( $\chi^2(1) = 2.41, p = .01, \Phi = .27$ ), which indicated a successful manipulation check. To answer RQ1, we then analyzed the number of participants who had correctly activated the conceptual persuasion knowledge (i. e., identified the ad). Results demonstrated that in the sponsorship disclosure group, the vast majority (81.8 %) did not recognize the sponsorship label ( $\chi^2(1) = 7.66, p = .01, \Phi = .31$ ).

We applied the Process macro (Hayes, 2013, model number 11 with 5,000 bootstrap samples and 95 % bias-corrected bootstrap confidence intervals) to answer RQ2 and RQ3 and to test our five research hypotheses (see Figure 1).

We ran the model with *sponsorship disclosure* (present vs. not present) as the independent variable, attitudinal persuasion knowledge as the mediator, the *forewarning disclosure* (present vs. not present) and the level of new media literacy (low vs. high) as the two moderators, and psychological reactance as the dependent variable. Furthermore, we included online newspaper usage, internet usage, product category knowledge and involvement, age as well as gender as covariates. These variables have been shown to potentially affect the variables (e. g., attitudinal PK) included in our model (e. g., Boerman et al., 2017).

With respect to RQ2, the results indicated no significant direct effect of the *sponsorship disclosure* on attitudinal persuasion knowledge ( $\beta = .02, p = .12$ ). In contrast, we identified a direct effect of the *forewarning message* – the second disclaimer cue – on the same variable ( $\beta = 0.34, p = .001$ ), which corresponded to H1. Furthermore, we found a significant interaction effect between sponsorship disclosure and forewarning disclosure on attitudinal persuasion knowledge in the theorized direction ( $\beta = .52, p = .005$ ), which supported H2. This means that sponsorship disclosures only trigger attitudinal persuasion knowledge if recipients are forewarned with a previous explicit message.

In H3 we argue that recipients' new media literacy increases their attitudinal persuasion knowledge. In contrast to this expectation, the direct effect of literacy on attitudinal persuasion knowledge ( $\beta = .04, p = .09$ ) was not significant. But we were able to identify a moderating role of new media literacy which affected the influence of sponsorship disclosures on attitudinal persuasion knowledge ( $\beta = .60, p = .04$ ). Therefore, H4a was supported, as for individuals that have a high level of new media literacy the presence of a sponsorship disclosure increases their attitudinal persuasion knowledge (i. e., situational skepticism towards the advertorial). We also found empirical evidence that new media literacy moderates the effect of forewarning disclosures on attitudinal persuasion knowledge ( $\beta = .59, p = .001$ ), which supported H4b. Further analysis revealed that no inter-

action between sponsorship disclosure, forewarning disclosure and new media literacy existed ( $\beta = .17$ ,  $p = .23$ ). Finally, in support of H5, we found a positive (strong) direct effect of attitudinal persuasion knowledge on reactance ( $\beta = .73$ ,  $p = .001$ ). As outlined in our model (see Figure 1), the sponsorship disclosure had no direct effect on psychological reactance ( $\beta = .20$ ,  $p = .13$ ) but a (conditional) indirect effect via attitudinal persuasion knowledge (LCI: .18; UCI: .33) (Table 1 summarizes the findings).

**Table 1:** Summary of research findings.

| Hypothesis  | Finding       |
|---|---------------|
| H1 Forewarning disclosures activate recipients' <i>attitudinal</i> persuasion knowledge.  | Supported     |
| H2 Forewarning disclosures moderate the effect of sponsorship disclosures on <i>attitudinal</i> PK such that when a forewarning is present recipients are more likely to activate their <i>attitudinal</i> PK as when forewarnings are not present.   | Supported     |
| H3 Recipients' new media literacy activates <i>attitudinal</i> persuasion knowledge.  | Not supported |
| H4 Recipients' new media literacy moderates the effect of (a) sponsorship disclosures and (b) forewarning disclosures on <i>attitudinal</i> persuasion knowledge such that when recipients have a high level of literacy, they are more likely to activate their <i>attitudinal</i> persuasion knowledge as when they have a low level. | Supported     |
| H5 Recipients' attitudinal persuasion knowledge has a positive effect on psychological reactance towards sponsored content.   | Supported     |

## Conclusion

In times of growing skepticism towards traditional online advertising, companies are increasingly turning to new, less intrusive ways of communicating their persuasive messages. Sponsored content (e.g., advertorials on online news portals) is one of the new promotion instruments of content marketing. Due to the given danger of misinterpreting the commercial content as unbiased, national and international regulations demand from marketers that they clearly mark masked advertising by using a sponsorship disclosure (e.g., a 'Sponsored' label). However, we demonstrate that this form of disclosure rarely leads to recipients' activation of conceptual persuasion knowledge (i.e., identifying the article as an ad). This finding is consistent with earlier research (e.g., Wojdynski, 2016)

showing that young online newspaper users do not recognize these source cues or warning signs.

However, our main research interest was to investigate the effects of both *sponsorship disclosures* (i.e., an explicit source cue of a specific message) and *forewarning disclosures* (i.e., an explicit instruction prior to accessing the news portal to consider articles' alternative sources – journalists vs. advertisers – and their varying communication motives) on recipients' psychological reactance (Brehm, 1966). More specifically, we introduced a research model that explains the mental process triggered by recipients' perceptions of the sponsored content (see Figure 1). We extended existing research by showing that sponsorships that correspond to national law are not able to trigger attitudinal persuasion knowledge alone (i.e., situational skepticism towards the article). We also showed that (a) prior *forewarning messages* instructing recipients to consider their latent but yet not activated persuasion knowledge in the situation to come; and (b) a high level of *new media literacy* (i.e., general media knowledge) can both increase recipients' attitudinal persuasion knowledge following a sponsorship disclosure. Empirical evidence suggests that the level of new media literacy has no direct impact on attitudinal persuasion knowledge. This means dispositional or learned digital media knowledge does not increase skepticism towards a specific message *per se*. Nevertheless, this kind of knowledge affects the influence of a forewarning disclosure on recipients' skepticism towards a message – making it even more effective. Reactance results from the activation of situational persuasion knowledge but does not arise due to the presence of sponsorship disclosures alone.

For marketers, the inability of sponsorship disclosures to activate attitudinal persuasion knowledge alone means that adding a lawful warning label does not bias recipients' content perceptions or the content's effectiveness *per se*. Young recipients hardly pay attention to sponsorship disclosures and therefore process the message based on its perceived content characteristics. This implies that advertisers should provide recipients added-value content that conveys either consumption-relevant information (e.g., product's pros/cons) or entertains its audience. Masked advertising messages that over-emphasize a brand's benefits and that are uncritical are likely to trigger strong psychological reactance that in succession can induce negative consumer reactions (e.g., brand avoidance). High value content, irrespective of its source, is – in contrast – more likely to stimulate positive message and brand reactions. Marketers should bear this in mind when setting up their content marketing strategies. For regulators, however, our research findings point to a critical problem of current legislation. In the search for accompanying factors that enhance sponsorship disclosure's ability to stimulate ad-related knowledge, our research suggests two routes that regulators can take to ensure disclosures' functionality: First, introduce preceding instructions

(i.e., forewarning disclosures) that advance recipients' exposure to the sponsorship disclosure and that further sensitize readers to the situation. Second, educate readers of online news portals about the different forms of site content (i.e., increasing their dispositional knowledge).

This study's results and their implications should be interpreted while considering its limitations. First, we used a student sample from an undergraduate program in communication science involving students participating in courses on organizational communication. Studying communication might have sensitized participants to detect cues of promotional content better than the average population. Nevertheless, we argue that relying on such a sample was justified for three reasons. First, being *digital natives* the participants of this study represent a prime stakeholder group for promotional messages on online news portals. Second, in order to increase participants' involvement, we chose a study context that particularly appeals to young media recipients. Third, new media literacy has young people of the millennial generation, in particular, in mind, as they almost exclusively consume news online. Educating them to be reflective and critical consumers is a different undertaking than transforming existing media literacy into new media literacy among older generations. If education on new media literacy is to yield substantial effects, then college students in communication programs should be the first group where it is possible to detect positive signs. Future research should try to replicate our findings by using a general population sample (i.e., typical news portal users) and a real-brand stimulus. We assume that other online users can dramatically differ in their characteristics – particularly their new media literacy level. Literacy's effect can be even more pronounced among different kinds of recipients.

Further, we have only investigated one kind of explicit forewarning disclosure cultivating a-priori persuasion knowledge activation. Scholars should test different forms of forewarning to determine what amount of additional instruction is necessary to trigger attitudinal persuasion knowledge. Finally, our research investigated the effects of explicit advertising intent – and not implicit intent (i.e., a message's content). Future research, however, should evaluate the joint effects and their impact in different contextual settings of masked advertising (e.g., sponsored social media postings) in order to evaluate the role of message characteristics, communication environment and recipients' characteristics. Methodologically, we also acknowledge some shortcomings in data analyses like applying a median split (Hayes and Matthes, 2009). Future research should validate our findings accordingly.

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